

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes
Bill Leonard, Member
State Board of Equalization*

December 18, 2006

QUOTE OF THE WEEK

“And there were in the same country shepherds abiding in the field, keeping watch over their flock by night.

And, lo, the angel of the Lord came upon them, and the glory of the Lord shone round about them: and they were sore afraid.

And the angel said unto them, Fear not: for, behold, I bring you good tidings of great joy, which shall be to all people.

For unto you is born this day in the city of David a Saviour, which is Christ the Lord. And this shall be a sign unto you; Ye shall find the babe wrapped in swaddling clothes, lying in a manger.

And suddenly there was with the angel a multitude of the heavenly host praising God, and saying,

Glory to God in the highest, and on earth peace, good will toward men.” Luke 2: 8-14

This is the final edition of the Leonard Letter for 2006. We will return on Tuesday, January 2nd.

*****A Time of Hope*****

When I read Romans 15:13, “Now may the God of hope fill you with all joy and peace in believing, that you may abound in hope by the power of the Holy Spirit,” I am struck by the human spirit. I believe that spirit is God-inspired, which amidst trauma, tragedy and heartache, allows hope to abound. This time of year when Christians celebrate the birth of their Savior and Jews celebrate their joyful Feast of Lights is clearly a time for hope for a better future. I also reflect on the fact that Jesus came as a baby. Who can look at a newborn baby and not be filled with hope for that baby's successful future?

In the dark of winter, a light is created that tells us all that brighter times are to come. If that is not enough for engendering hope, then the calendar gives us the new year. The new year is a time to recount the past 12 months of lessons learned, friends lost, tragedies suffered and then look ahead to the next 12 months with renewed hope because the joy of living in this created universe rises above all the sadness that enters our lives. It is my prayer that God fill you with joy and peace that each of you may abound in hope. Merry Christmas.

AROUND THE STATE

*****Huge Tax Hike on Beer Drinkers*****

From the Bill Leonard Blog

State law is full of gray areas and ambiguities. One old one is now the real culprit in this week's headlines. When the Legislature wrote the first alcohol laws after Prohibition was repealed in 1933, California defined what a beer is and what wine is. The definition was simple - anything added to beer or wine renders it something else. Sometime thereafter beer and wine producers started adding things such as preservatives, flavor enhancers and other things. So narrowly reading the law there is NO such product as either beer or wine sold in California today. Now common sense and alcohol regulators know that is not true and so for years have ignored this narrow interpretation.

Last week a bare majority of the Board of Equalization voted for the narrow interpretation of the law, and have begun the process to tax all alcohols with any additives as distilled spirits. This will increase the taxes charged on beers, wines, flavored malt beverages, and flavored beers to the level on hard liquor. The objective offered was to reduce teenage drinking, which I support. However, there was little testimony that by increasing the tax on beers that teenagers would lose access to alcohol.

The dated California law defines beer as having no additives whatsoever. No beer that I know of – except perhaps some home brews – meets this definition. Alcopop-type beer products with some fruit flavors typically have alcohol content between 3.8 and 5 percent. Beers out of a bar tap can exceed 10 percent alcohol. The proponents are seeking to raise the tax on flavored beers from 20 cents a gallon to \$3.30 a gallon, the rate for distilled spirits. The proponents say they are focused on these flavored beers but chemically and by alcohol content they are indistinguishable from all other beers and wine. Every product will potentially suffer this monster tax hike.

We need the Legislature to step in and provide the policy guidance that addresses teenage drinking and also “clean up” the code so that modern beer and wine is appropriately categorized in the law.

ISSUE FOCUS

*****The IRS's Latest Bah Humbug*****

Five firefighters died while fighting the Esperanza Fire in inland Southern California earlier this fall. Their tragic deaths in the line of duty inspired generosity from people who knew that the surviving families (one of which has five young children) would need financial support in the years ahead. More than one million dollars has been raised to help these families and the Central County United Way in Riverside County has been collecting and plans to administer the funds. Now the IRS is playing Scrooge to the heartfelt generosity of the donors. The IRS has told the United Way that charitable organizations cannot collect money for small, specific group like these families because

federal law requires that money so raised must go to individuals or families who are part of a “large and indefinite” class and that the money benefit the broader community, too. They ignore the fact that the donors do not know these families and to the donors the money is going to a class of families in need because their breadwinner was killed in the line of duty while protecting the public.

This is not just an issue about these five families. It is a larger and serious problem that also effect state taxation. My church is facing a similar struggle with federal tax law. As a congregation, we have given away college scholarships to worthy young people in the church. However, the IRS is now cracking down on such programs because of alleged abuse by some (not at my church). Apparently, some parents have been making tax deductible donations to particular charities or churches and then having that organization make a scholarship grant to their children. It is sad that a few bad apples are going to ruin a genuine attempt by others to be helpful to those in need. The tax agencies ought to be able to tell the difference.

ISSUE FOCUS

*****Fatheads*****

Usually California is the first out of the box with wacky public policy ideas, particularly as they relate to health, but this time New York City has beaten us to the punch. The city has banned trans-fats and given Big Apple restaurants, bakeries and the like a deadline to rid their foods of ingredients that contain trans-fats. Take a look at some of the absurd comments used to endorse the ban:

“I don't care what might be politically correct and what's not. I want to live longer!” --- Murray Bader

“This is New York. People eat out a lot. We don't have a choice. We need someone to make it a healthier proposition.” --- Toni Lewis

California is full of people who think like Murray and Toni, so let's start practicing our responses to such nonsense now. Murray, if you want to live longer and believe your diet plays a role in that, then do not eat foods that contain the dreaded trans fats. Toni, you always have a choice, especially in the biggest and most diverse city in the United States. Either choose healthier restaurants when you dine out, or figure out how to cook at home, or nibble on raw carrot sticks if you do not want to cook. To argue that you do not have free will and demand a government regulation instead is absurd.

MISCELLANY

*****A Good Read*****

Though there is no greater work about our Lord and Savior Jesus Christ than the Bible itself, sometimes children need to hear stories told in more congenial manner to truly understand their import and joy. I think that was what was one the mind of the great Charles Dickens when he wrote “The Life of Our Lord” in 1849. He did not write it as a novel or newspaper article for publication. Rather, he wrote it exclusively for his own children. It was his personal effort to transmit his love for Jesus Christ to his children. He began, “My dear children, I am very anxious that you should know something about the history of Jesus Christ. For everybody ought to know about Him. No one ever lived, who was so good, so kind, so gentle, and so sorry for all people who did wrong, or were in anyway ill or miserable, as was he.” He then tells the story of Christ’s birth, ministry and death in a way that truly touches the hearts of little ones. He concludes, “Remember! It is Christianity TO DO GOOD always—even to those who do evil to us.” Dickens’ words and remembrances of the Jesus’s teachings, would brighten any family’s Christmas celebration this year.

*****New Citizenship Test*****

To see the official answers to the pilot U.S. citizenship questions below, go to <http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=dcf5e1df53b2f010VgnVCM1000000ecd190aRCRD>

What do you think of the pilot questions so far? Sacramento Bee columnist Peter Schrag rendered this opinion this week: But the questions, many about the Constitution, are still simplistic, the answers infused with a mix of political correctness (conservative and liberal) and present-mindedness that would drive some historians over the wall. Some questions are inane.

21. How many U.S. Senators does each state have?
22. The House of Representatives has how many voting members?
23. We elect a U.S. Representative for how many years?
24. Name your U.S. Representative.
25. Who does a U.S. Senator represent?
26. Who does a U.S. Representative represent?
27. What decides each state’s number of U.S. Representatives?
28. How is each state’s number of Representatives decided?
29. Why do we have three branches of government?
30. Name one example of checks and balances.

BOE AND LEGISLATIVE DATES

January 8, 2007 --- Swearing-in of new state Constitutional officers.

January 9, 2007 --- Governor delivers State of the State Address.

January 10, 2007 --- Budget Bill must be submitted by Governor (Art. IV, Sec. 12 (a)).

January 15, 2007 --- Rev. Martin Luther King Jr. holiday.

January 26, 2007 --- Last day for legislators to submit bill requests to the Office of Legislative Counsel.

January 31, 2007 --- Board of Equalization meets in Sacramento.

February 1, 2007 --- Board of Equalization meets in Sacramento.

February 12, 2007 --- Abraham Lincoln's Birthday.

February 19, 2007 --- George Washington's Birthday observed.

February 23, 2007 --- Last day for bills to be introduced (J.R. 61(a)(1), J.R. 54(a)).

February 27-28, 2007 --- Board of Equalization meets in Culver City.

NOTABLE DATES/ HISTORY

December 18, 1865 --- Following its ratification earlier in the month, the 13th Amendment to the Constitution took effect, ensuring that “neither slavery nor involuntary servitude... shall exist within the United States.”

December 18, 1957 --- The first full-scale commercial nuclear power station in the United States opened at Shippingport, Pennsylvania, producing 60,000 kilowatts of electricity.

December 19, 1776 --- Thomas Paine published the first installment of “The American Crisis.”

December 19, 1777 --- The Continental Army under General George Washington entered its winter camp at Valley Forge, 20 miles from Philadelphia, Pennsylvania.

December 20, 1790 --- American cotton producer Samuel Slater opened the first American cotton mill.

December 20, 1820 --- Missouri passed legislation that taxes single men, aged 21 to 50, one dollar.

December 20, 1880 --- In New York City, electric lights were installed on Broadway.

December 21, 1620 --- The first group of colonists disembarked from the Mayflower.

December 21, 1956 --- The U.S. Supreme Court ruled that segregation on public buses is unconstitutional.

December 21, 1968 --- Apollo 8, the first manned mission to the moon, was successfully launched from Cape Canaveral, Florida, with astronauts Frank Borman, James Lovell, Jr., and William Anders aboard.

December 22, 1845 --- The first voice synthesizer, later known as P.T. Barnum's Euphonium, was demonstrated to the public.

December 23, 1986 --- The experimental plane Voyager completed its global flight.

December 24, 1814 --- Great Britain and the United States signed the Treaty of Ghent, formally ending the War of 1812.

December 25, 1776 --- George Washington's American troops crossed the Delaware River at night to raid the British Hessian mercenaries at the Battle of Trenton the next day.

December 25, 1991 --- Mikhail Gorbachev resigned as Soviet president and Communist Russia ceased to exist.

December 26, 1799 --- George Washington was eulogized by Colonel Henry Lee as "first in war, first in peace and first in the hearts of his countrymen."

December 27, 1945 --- In the aftermath of World War II, foreign ministers from the former Allied nations of the United States, the Soviet Union, and Great Britain agreed to govern Korea jointly for five years.

December 28, 1832 --- John C. Calhoun became the first U.S. vice president to resign from office, citing political differences with President Andrew Jackson and a desire to fill a vacant Senate seat in South Carolina.

December 28, 1945 --- The U.S. Congress officially recognized the Pledge of Allegiance and recommended its recitation in American classrooms.

December 30, 1853 --- U.S. minister to Mexico James Gadsden and Mexican President Antonio Lopez de Santa Anna signed the Gadsden Purchase in Mexico City.

December 31, 1890 --- New York's Ellis Island opened to all immigrants to the United States.

January 1, 1863 --- The Emancipation Proclamation went into effect, freeing slaves in Confederate territories.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

Bill Leonard, Member
State Board of Equalization, Second District
Email: bill.leonard@boe.ca.gov

Northern California Office:

400 Capitol Mall, Suite 2340
Sacramento, CA 95814
Telephone: (916) 445-2181
Fax: (916) 327-4003

Southern California Office:
4295 E. Jurupa Ave., Ste. 204
Ontario, CA 91761-1428
Telephone: (909) 937-6106
Fax: (909) 937-7044

SUBSCRIBE/UNSUBSCRIBE INFORMATION

To subscribe, or to subscribe a friend, go to www.billleonard.org, click on Subscribe, enter the address and then click Send Request.

To unsubscribe from the Leonard Letter, go to this link or cut and paste it into your browser's address line: <http://www.billleonard.org/unsubscribe.php>
After you enter your address, you will receive a confirmation email you will need to click on to complete the process. If you are receiving this email from a third party, we will not be able to remove you from that distribution list; please contact the party forwarding it to you.